



CITY OF DURHAM | NORTH CAROLINA

Date: August 21, 2012
To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Donald F. Greeley, Director, Water Management
Jerry F. Morrone, Utility Engineering Supervisor
Subject: 2012 Residential Meter Replacement Project Phase III – Vanguard Utility Service, Inc. (Contract MR-8)

Executive Summary:

The Department of Water Management received bids on Wednesday, August 8th, 2012 for Contract MR-8, 2012 Residential Meter Replacement Phase III. The proposed project consists of upgrading 21,000 manual-read residential water meters to new remote-read meters. This project is the third phase of a four phase Residential Meter Replacement Program. Phase II was completed in June of 2012. A bid from Vanguard Utility Service, Inc. was the only bid received and is the lowest responsive and responsible bid.

Recommendations:

The Department recommends that the City Council:

1. Authorize the City Manager to execute a contract with Vanguard Utility Service, Inc. for the MR-8 Residential Meter Replacement Project Phase III for \$5,189,986.56.
2. Establish a contingency fund for the contract in the amount of \$510,000.00 and
3. Authorize the City Manager to negotiate change orders for the contract provided that the cost of all change orders does not exceed \$510,000.00 and the total project cost does not exceed \$5,699,986.56.

Background:

The City's Automated Meter Reading (AMR) project, once fully implemented, will serve as a multi-faceted efficiency tool, benefiting both the City and the customer. AMR will enable City forces to read the 80,000 plus accounts in the City's service area each month in 5 to 10 working days, using one-third of the existing assigned positions and vehicles. Recent experience with previously completed phases indicates that AMR technology is leading to quicker detection and repair of leaks in customers' facilities and detection of malfunctioning or tampered meters. This information, coupled with analytical data available from the meters, is helping utility staff and customers better manage the City's water supply and saving thousands of gallons of potable water over the course of a year.

This project is the third phase of the AMR meter replacement program and will replace an additional 21,000 meters. Pending Council approval of this contract award, staff plans to issue the notice to proceed for Phase III in late October, with an early January 2013 start date for installation. The bid for Phase IV for the remaining 15,000 to 16,000 meters is planned for the summer of 2013.

Issues and Analysis:

The Department of Water Management formally advertised this project for bid on June 21st, 2012. Only one bid was received on the original July 26, 2012 due date. Per North Carolina

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statute and City guidelines, the project was re-advertised to solicit additional bids. At the second bid opening, one bid was received and opened. This bid, from Vanguard Utility Service Inc, is for \$5,189,986.56.

The lowest responsible and responsive bidder is Vanguard Utility Service, Inc. The total base bid is 2% under the Engineer's Estimate and within the budget allocated for this phase of the program.

City staff contacted multiple planholders to determine why more bids were not received. The feedback from these planholders was that they were unable to compete with the pricing Vanguard submitted in Phase II, and they assumed that Vanguard would likely hold that pricing for this phase or marginally increase it. Vanguard's total base bid represents an 8% increase in the project cost with comparable quantities over the Phase II bids submitted almost two years ago. Five bids were submitted for Phase II, none of which were within 8% of Vanguard's bid for Phase II.

Alternatives:

Alternative 1: Do not enter in to a contract with Vanguard Utility Service, Inc. and attempt to replace all of the meters with City crews. The City's crews are already committed to other assignments in the City. Using City crews will also take significantly longer and will necessitate the purchase and storage of 21,000 water meters.

Alternative 2: Do not enter in to a contract with Vanguard Utility Service, Inc and terminate the meter replacement program. Under this alternative, the upgrade of older style meters to the new AMR meter will cease, and approximately half of the City would be read remotely and half would be read manually. This alternative would result in two types of meter reads, resulting in inconsistency between neighborhoods and decreasing accuracy of readings as the existing meters age. This alternative would also prevent a future transition to monthly billing.

Financial Impacts:

Funds for this contract are budgeted in the Automated Meter Replacement line item in the City's Capital Improvement Program. There are currently funds available for this contract:

Construction: 4100P007-731000-P0414- \$648,670.70

Construction: 4100P760-731000-P0414- \$234,733.68

Construction: 4100P762-731000-P0414- \$4,306,582.18

Contingency: 4100P762-731900-P0414- \$510,000.00

SDBE Summary:

The Equal Opportunity/Equity Assurance Department reviewed the bid submitted by Vanguard Utility Service, Inc. of Owensboro, Kentucky to determine compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting. It was determined that Vanguard Utility Service, Inc was in compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

SDBE REQUIREMENTS

There were no SDBE requirements for this project.

WORKFORCE STATISTICS

The workforce statistics for Vanguard Utility Service, Inc are as follows:

Total Workforce	154	
Total Females	12	8%
Total Males	142	92%
Black Males	29	19%
White Males	60	39%
Other Males	53	34%
Black Females	0	0%
White Females	12	8%
Other Females	0	0%